NOTICES OF PROPOSED RULEMAKING

Unless exempted by A.R.S. § 41-1005, each agency shall begin the rulemaking process by first submitting to the Secretary of State's Office a Notice of Rulemaking Docket Opening followed by a Notice of Proposed Rulemaking that contains the preamble and the full text of the rules. The Secretary of State's Office publishes each Notice in the next available issue of the *Register* according to the schedule of deadlines for *Register* publication. Due to time restraints, the Secretary of State's Office will no longer edit the text of proposed rules. We will continue to make numbering and labeling changes as necessary.

Under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.), an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for adoption, amendment, or repeal of any rule. A.R.S. §§ 41-1013 and 41-1022.

NOTICE OF PROPOSED RULEMAKING

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 23. BOARD OF PHARMACY

PREAMBLE

1. Sections Affected — **Rulemaking Action**

R4-23-110	Amend
R4-23-205	Amend
R4-23-602	Amend
R4-23-603	Amend
R4-23-605	Amend
R4-23-607	New Section

2. The specific authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statutes: A.R.S. §§ 32-1904(A)(1), and 32-1904(B)(3).

Implementing statutes: A.R.S. §§ 32-1921(A)(2), 32-1921(A)(3), and 32-1921(A)(8), 32-1929, 32-1930(A), and 32-1931(D)(8) and 32-1931(D)(9).

3. A list of all previous notices appearing in the Register addressing the proposed rule:

Notice of Rulemaking Docket Opening: 5 A.A.R. 3617, October 1, 1999

4. The name and address of agency personnel with whom persons may communicate regarding the rule:

Name: Dean Wright, Compliance Officer

Address: Board of Pharmacy
4425 West Olive Ave., Suite 140
Glendale, Arizona 85303

Telephone: (602) 255-5125, Ext. 131

Fax: (602) 255-5740

E-mail: rxcop@uswest.net

5. An explanation of the rule, including the agency's reasons for initiating the rule:

H.B. 2448 was passed during the 1999 legislative session and signed into law by Governor Hull. This bill relates to the sale, transfer, or furnishing of a precursor chemical or regulated chemical as defined in the federal act and mandates that anyone who sells, transfers, or furnishes these chemicals to anyone in this state be permitted by the Board under Title 32, Chapter 18. The specific precursor chemicals, ephedrine, pseudoephedrine, and phenylpropanolamine, are active ingredients in common over-the-counter products sold for treatment of flu, colds, and weight loss. The regulation of these chemicals is necessary because they are used as the starting base to manufacture illegally the street drugs, methamphetamine and amphetamine. The Board presently only issues permits to manufacturers, wholesalers, pharmacies, and retailers who reside in Arizona.

This legislation requires the Board to permit non-resident suppliers of precursor or regulated chemicals. To prevent prejudice and further protect Arizona citizens, the Board intends to permit all non-resident suppliers of any drug not just precursor or regulated chemicals. The rule amends definitions and fees in Sections R4-23-110 and R4-23-205 and adds a new Section R4-23-607 establishing standards for non-resident permits. Because of an amendment in the 2000 legislative session to A.R.S. 32-1921 allowing the sale of nonprescription drugs in vending machines, Section R4-23-603 is amended to establish nonprescription drug vending machine requirements. Because Section R4-23-605, Drug Wholesaler Permit, was identified for necessary updating in the Board's 5-year rule review, the rule includes amendments to bring R4-23-605 up to today's standards for a clear, concise, and understandable document. The proposed rule includes necessary style, format, and grammar changes to provide a clear, concise, and understandable document. The definition for "responsible person" is added to R4-23-110. In S.B. 1081, the 2000 Arizona legislature established fee limits for compressed medical gas distributors and suppliers. The proposed rule amends Section R4-23-205 to include the fees approved by the Board for compressed medical gas distributors and suppliers. Section R4-23-602 is amended at subsection (A)(3) by adding the citation for the new Section R4-23-607. Section R4-23-605 receives numerous style, format, and grammar changes to modernize and clarify the wholesaler standards. The Board believes that making these rules benefits the public health and safety by establishing clear standards for drug distribution in and into Arizona.

6. A reference to any study that the agency proposes to rely on in its evaluation of or justification for the rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:

Not applicable

7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

The only Arizona businesses directly affected by the proposed rule are compressed medical gas distributors and suppliers. Before the legislature established the permit fees in S.B. 1081, the Board bore the full costs of permitting and inspecting compressed medical gas distributors and suppliers. The proposed rule establishes the permit fees allowed by the legislature for compressed medical gas distributors and suppliers. The cost to compressed medical gas distributors and suppliers is $200 and $100 biennially, respectively. In 1998, the Board estimated that it cost $42.73 to issue a permit. At that time, the estimated Board cost of inspection was $524 for a compressed medical gas distributor and $191 for a compressed medical gas supplier. The proposed rule will have no economic impact on other Arizona businesses.

The proposed rule will have a direct economic impact on non-resident firms that ship drugs into Arizona. These firms will be required to obtain a Board permit for their type of drug distribution. This will not be new to many of these firms because over 30 states already require a non-resident permit for drug distribution. The permit fee will be a part of a non-resident firm's cost of doing business in the state of Arizona. A non-resident firm that cannot justify the permit fee will just not do business in Arizona. This possible lack of competition from non-resident firms may benefit Arizona firms. The permit costs run from $1000 biennially for a manufacturer or full-service wholesaler to $100 biennially for a nonprescription drug retailer. The proposed rule does not impose any additional costs on consumers.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name:	Dean Wright, Compliance Officer
Address:	Board of Pharmacy 4425 West Olive Ave., Suite 140 Glendale, Arizona 85303
Telephone:	(602) 255-5125, Ext. 131
Fax:	(602) 255-5740
E-mail:	rxcop@uswest.net

10. The time, place, and nature of the proceedings for the adoption, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Comments may be written or presented orally. Written comments must be received by 5 p.m., Monday, August 28, 2000. An oral proceeding is scheduled for:

Date: August 28, 2000

Time: 10:00 a.m.

Location: 4425 West Olive Ave., Suite 140
Glendale, Arizona 85303

A person may request information about the oral proceeding by contacting the person listed in paragraph #9.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 4. PROFESSIONS AND OCCUPATIONS

CHAPTER 23. BOARD OF PHARMACY

ARTICLE 1. ADMINISTRATION

Section
R4-23-110. Definitions

ARTICLE 2. PHARMACIST LICENSURE

Section
R4-23-205. Fees

ARTICLE 6. PERMITS AND DISTRIBUTION OF DRUGS

Section
R4-23-602. Permit Application Process and Time-frames
R4-23-603. Nonprescription Drugs, Retail
R4-23-605. Drug Wholesaler Permit
R4-23-607. Non-resident Permits

ARTICLE 1. ADMINISTRATION

R4-23-110. Definitions

"Active ingredient" means any component that furnishes pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease or that affects the structure or any function of the body of man or other animals. The term includes those components that may undergo chemical change in the manufacture of the drug, that are present in the finished drug product in a modified form, and that furnish the specified activity or effect.

"Authentication of product history" means identifying the purchasing source, the ultimate fate, and any intermediate handling of any component of a radiopharmaceutical or other drug.

"AZPLEX" means an Arizona pharmacy law examination written and administered by the Board staff or a Board-approved national pharmacy law examination written and administered in cooperation with NABP.

"Batch" means a specific quantity of drug that has uniform character and quality, within specified limits, and is produced according to a single manufacturing order during the same cycle of manufacture.

"Beyond-use date" means a date determined by a pharmacist and placed on a prescription label at the time of dispensing to indicate a time beyond which the contents of the prescription are not recommended to be used.

"Biological safety cabinet" means a containment unit suitable for the preparation of low to moderate risk agents where there is a need for protection of the product, personnel, and environment, consistent with National Sanitation Foundation (NSF) standards, published in the National Sanitation Foundation Standard 49, Class II (Laminar Flow) Biohazard Cabinetry, NSF International P. O. Box 130140, Ann Arbor, MI, revised June 1987 edition, (and no future amendments or editions), incorporated by reference and on file with the Board and the Office of the Secretary of State.

"Certified pharmacy technician" means an individual who receives a passing grade on a certification examination for pharmacy technicians recognized by the Arizona State Board of Pharmacy and meets the requirements of a pharmacy technician as defined in A.A.C. R4-23-110.

"Class 100 environment" means an atmospheric environment in compliance with the Federal Standard 209 Clean Room and Work Station Requirements: Controlled Environment, publication FED-STD-209D, U.S. Government Services Administration 450 Golden Gate Avenue, San Francisco, CA, June 15, 1988 edition which includes January 28, 1991, changes, (and no future amendments or editions), incorporated by reference and on file with the Office of the Secretary of State.

"Community pharmacy" means any place under the direct supervision of a pharmacist where the practice of pharmacy occurs or where prescription orders are compounded and dispensed other than a hospital pharmacy or a limited service pharmacy.

"Component" means any ingredient used in compounding or manufacturing drugs in dosage form, including an ingredient that may not appear in the finished product.

"Container" means:

A receptacle, as described in the official compendium or the federal act, that is used in manufacturing or compounding a drug or in distributing, supplying, or dispensing the finished dosage form of a drug; or

A metal receptacle designed to contain liquefied or vaporized compressed medical gas and used in manufacturing, transfilling, distributing, supplying, or dispensing a compressed medical gas.

"Correctional facility" has the same meaning as in A.R.S. §§ 13-2501 and 31-341.

"Current good compounding practices" means the minimum standards for methods used in, and facilities or controls used for, compounding a drug to ensure that the drug has the identity and strength and meets the quality and purity characteristics it is represented to possess.

"Current good manufacturing practice" means the minimum standard for methods used in, and facilities or controls used for manufacturing, processing, packing, or holding a drug to ensure that the drug meets the requirements of the federal act as to safety, and has the identity and strength and meets the quality and purity characteristics it is represented to possess.

"Cytotoxic" means a pharmaceutical that is capable of killing living cells.

"Day" means a calendar day unless otherwise specified.

"Delinquent license" means a pharmacist or intern license the Board suspends for failure to renew or pay all required fees on or before the date the renewal is due.

"Drug sample" means a unit of a prescription drug that a manufacturer provides free of charge to promote the sale of the drug. No person shall sell, purchase, or trade or offer to sell, purchase, or trade a drug sample.

"Extreme emergency" means the occurrence of a fire, water leak, electrical failure, public disaster, or other catastrophe constituting an imminent threat of physical harm to pharmacy personnel or patrons.

"FDA" means the Food and Drug Administration, a federal agency within the United States Department of Health and Human Services, established to set safety and quality standards for foods, drugs, cosmetics, and other consumer products.

"Inactive ingredient" means any component other than an "active ingredient" present in a drug.

"Internal test assessment" means performing quality assurance or other procedures necessary to ensure the integrity of a test.

"Limited-service correctional pharmacy" means a limited-service pharmacy, as defined in A.R.S. § 32-1901, that:

Holds a current Board permit under A.R.S. § 32-1931;

Is located in a correctional facility; and

Uses pharmacists, interns, and support personnel to compound, produce, dispense, and distribute drugs.

"Limited-service mail-order pharmacy" means a limited-service pharmacy, as defined in A.R.S. § 32-1901, that holds a current Board permit under A.R.S. § 32-1931 and dispenses a majority of its prescription medication or prescription-only devices by mailing or delivering the prescription medication or prescription-only device to an individual by the United States mail, a common or contract carrier, or a delivery service.

"Limited-service nuclear pharmacy" means a limited-service pharmacy, as defined in A.R.S. § 32-1901, that holds a current Board permit under A.R.S. § 32-1931 and provides radiopharmaceutical services.

"Limited-service pharmacy permittee" means a person who holds a current limited-service pharmacy permit in compliance with A.R.S. §§ 32-1929, 32-1930, 32-1931, and A.A.C. R4-23-606.

"Long-term care consultant pharmacist" means a pharmacist providing consulting services to a long-term care facility.

"Lot" means a batch or any portion of a batch of a drug, or if a drug produced by a continuous process, an amount of drug produced in a unit of time or quantity in a manner that assures its uniformity. In either case, a lot is identified by a distinctive lot number and has uniform character and quality with specified limits.

"Lot number" or "control number" means any distinctive combination of letters or numbers, or both, from which the complete history of the compounding or manufacturing, control, packaging, and distribution of a batch or lot of a drug can be determined.

"Materials approval unit" means any organizational element having the authority and responsibility to approve or reject components, in-process materials, packaging components, and final products.

"Mediated instruction" means information transmitted via intermediate mechanisms such as audio or video tape or telephone transmission.

"NABP" means National Association of Boards of Pharmacy.

"NABPLEX" means National Association of Boards of Pharmacy Licensure Examination.

"NAPLEX" means North American Pharmacist Licensure Examination.

"Other designated personnel" means a non-pharmacist individual who is permitted in the pharmacy area, for a limited time, under the direct supervision of a pharmacist, to perform non-pharmacy related duties, such as trash removal, floor maintenance, and telephone or computer repair.

"Outpatient" means an individual who is not a residential patient in a health care institution.

"Outpatient setting" means a location that provides medical treatment to an outpatient.

"Patient profile" means a readily retrievable, centrally located information record that contains patient demographics, allergies, and medication profile.

"Pharmaceutical care" means the provision of drug therapy and other pharmaceutical patient care services intended to achieve outcomes related to curing or preventing a disease, eliminating or reducing a patient's symptoms, or arresting or slowing a disease process, by identifying and resolving or preventing potential and actual drug-related problems.

"Pharmacy law continuing education" means a continuing education activity that addresses practice issues related to state or federal pharmacy statutes, rules, or regulations, offered by an Approved Provider.

"Pharmacy technician" means an individual, qualified under R4-23-403(A)(1) and R4-23-403(A)(2), who, during and after completing the training required in R4-23-403(A)(3), performs, under the supervision of a pharmacist, activities related to the preparation and distribution of prescription medications consistent with policies and procedures required in R4-23-403(J) and state and federal law.

"Prepackaged drug" means a drug that is packaged in a frequently prescribed quantity, labeled in compliance with A.R.S. §§ 32-1967 and 32-1968, stored, and subsequently dispensed by a pharmacist or a graduate intern or pharmacy intern under the supervision of a pharmacist, who verifies at the time of dispensing that the drug container is properly labeled, in compliance with A.R.S. § 32-1968, for the patient.

"Provider pharmacist" means a pharmacist who supplies medication to a long-term care facility and maintains patient profiles.

"Radiopharmaceutical" means any drug that emits ionizing radiation and includes:

Any nonradioactive reagent kit, nuclide generator, or ancillary drug intended to be used in the preparation of a radiopharmaceutical, but does not include drugs such as carbon-containing compounds or potassium-containing salts, that contain trace quantities of naturally occurring radionuclides; and

Any biological product that is labeled with a radionuclide or intended to be labeled with a radionuclide.

"Radiopharmaceutical quality assurance" means performing and interpreting appropriate chemical, biological, and physical tests on radiopharmaceuticals to determine the suitability of the radiopharmaceutical for use in humans and animals. Radiopharmaceutical quality assurance includes internal test assessment, authentication of product history, and appropriate record retention.

"Radiopharmaceutical services" means procuring, storing, handling, compounding, preparing, labeling, quality assurance testing, dispensing, distributing, transferring, recordkeeping, and disposing of radiochemicals, radiopharmaceuticals, and ancillary drugs. Radiopharmaceutical services include quality assurance procedures, radiological health and safety procedures, consulting activities associated with the use of radiopharmaceuticals, and any other activities required for the provision of pharmaceutical care.

"Red C stamp" means a device used with red ink to imprint an invoice with a red letter C at least 1 inch high, to make an invoice of a Schedule III through IV controlled substance, as defined in A.R.S. § 36-2501, readily retrievable, as required by state and federal rules.

"Remodel" means to alter structurally the pharmacy area or location.

"Remote drug storage area" means an area that is outside the premises of the pharmacy, used for the storage of drugs, locked to deny access by unauthorized persons, and secured against the use of force.

"Resident" means a person admitted to and residing in a long-term care facility.

"Responsible person" means the individual (owner, manager, or other individual) who is responsible to the Board for a permitted establishment's compliance with the laws and administrative rules of this state and of the federal government pertaining to distribution of drugs, devices, and chemicals. Nothing in this definition relieves other individuals from their responsibility to comply with state and federal laws and administrative rules.

"Score transfer" means the process that enables an applicant to take the NAPLEX in a jurisdiction and be eligible for licensure by examination in other jurisdictions.

"Sterile pharmaceutical product" means a dosage form free from living micro-organisms.

"Strength" means:

The concentration of the drug substance (for example, weight/weight, weight/volume, or unit dose/volume basis); or

The potency, that is, the therapeutic activity of a drug substance as indicated by bioavailability tests or by controlled clinical data (expressed, for example, in terms of unity by reference to a standard).

"Supervision" means a pharmacist is present, assumes legal responsibility, and has direct oversight of activities relating to acquiring, preparing, distributing and selling prescription medications by pharmacy interns, graduate interns, pharmacy technicians, or certified pharmacy technicians.

"Supplying" means selling, transferring, or delivering to a patient or a patient's agent 1 or more doses of:

A nonprescription drug in the manufacturer's original container for subsequent use by the patient, or

A compressed medical gas in the manufacturer's or compressed medical gas distributor's original container for subsequent use by the patient.

"Support personnel" means an individual, working under the supervision of a pharmacist, trained to perform clerical duties associated with the practice of pharmacy including cashiering, bookkeeping, pricing, stocking, delivering, answering non-professional telephone inquires, and documenting 3rd-party reimbursement. Support personnel shall not perform the tasks of a pharmacist, pharmacy intern, graduate intern, pharmacy technician, or certified pharmacy technician.

"Transfill" means a manufacturing process by which 1 or more compressed medical gases are transferred from a bulk container to a properly labeled container for subsequent distribution or supply.

"Wholesale distribution" means distribution of a drug to a person other than a consumer or patient, but does not include:

Selling, purchasing, or trading a drug or offering to sell, purchase, or trade a drug for emergency medical reasons. For purposes of this Section, "emergency medical reasons" includes transferring a prescription drug by a community or hospital pharmacy to another community or hospital pharmacy to alleviate a temporary shortage;

Selling, purchasing, or trading a drug, offering to sell, purchase, or trade a drug, or dispensing a drug as specified in a prescription;

Distributing a drug sample by a manufacturers' or distributors' representative; or

Selling, purchasing, or trading blood or blood components intended for transfusion.

"Wholesale distributor" means any person engaged in wholesale distribution of drugs, including: manufacturers; repackers; own-label distributors; private-label distributors; jobbers; brokers; warehouses, including manufacturers' and distributors' warehouses, chain drug warehouses, and wholesale drug warehouses; independent wholesale drug traders; and retail pharmacies that conduct wholesale distributions in the amount of at least 5% of gross sales.

ARTICLE 2. PHARMACIST LICENSURE

R4-23-205. Fees

A. Licensure fees:
1. Pharmacist:
   a. Initial licensure [Prorated according to A.R.S. § 32-1925(B)]: $110.00.
   b. Licensure renewal: $110.00.
2. Pharmacy or graduate intern: $10.00

B. Reciprocity fee: $300.00.

C. Examination fees:
1. AZPLEX:
   a. Initial: $100.00.
   b. Retake: $50.00.
2. NAPLEX: specified by and made payable to NABP according to R4-23-202(B)(4).

D. Vendor permit fees (Resident and non-resident):
1. Pharmacy: $300 biennially. (Including community, hospital, ~~nuclear,~~ and limited service.)
2. Drug wholesaler or manufacturer:
   a. Manufacturer: $1000 biennially.
   b. Full service drug wholesaler: $1000 biennially.
   c. Nonprescription drug wholesaler: $500 biennially.
3. Drug packager or repackager: $1000 biennially.
4. Nonprescription drug, retail:
   a. Category I (30 or fewer items): $100.00 biennially.
   b. Category II (more than 30 items): $200.00 biennially.
5. Compressed medical gas distributor: $200 biennially.
6. Compressed medical gas supplier: $100 biennially.

E. Other Fees:
1. Wall certificate.
   a. Pharmacist: $20.
   b. Pharmacy intern: $10.
   c. Relief Pharmacist: $10.
2. Duplicate of any Board-issued license, registration, certificate, or permit: $10.00.
3. Certification of electronic security system: $25.00.

F. Fees are not refunded under any circumstances except for the Board's failure to comply with its established licensure or permit time-frames under A.R.S. § 41-1077.

G. Penalty fee. Renewals submitted after expiration date are subject to penalty fees as provided in A.R.S. § 32-1925.

ARTICLE 6. PERMITS AND DISTRIBUTION OF DRUGS

R4-23-602. Permit Application Process and Time-Frames

A. A person applying for a permit shall submit to the Board Office an application packet consisting of:
1. A completed application form for the desired permit signed by the applicant;
2. A cashier's, certified, business or personal check, or money order for the applicable biennial permit fee; and
3. Other information or documents required by A.A.C. R4-23-603, R4-23-604, R4-23-605, R4-23-606, R4-23-607, or R4-23-671.

B. The Board Office shall deem an application packet received on the date that the Board Office stamps on the packet as the packet is delivered to the Board Office.

C. The Board Office shall finish an administrative completeness review within 20 days from the date of receipt of an application packet.
1. The Board Office shall issue a written notice of administrative completeness to the applicant if no deficiencies are found in the application packet.
2. If the application packet is incomplete, the Board Office shall provide the applicant with a written notice that includes a comprehensive list of the missing information. The 20-day time-frame for the Board Office to finish the administrative completeness review is suspended from the date the notice of incompleteness is served until the applicant provides the Board Office with all missing information.
3. If the Board Office does not provide the applicant with notice regarding administrative completeness, the application packet shall be deemed complete 20 days after receipt by the Board Office.

D. An applicant with an incomplete application packet shall submit to the Board Office all of the missing information within 60 days of service of the notice of incompleteness.
1. If an applicant cannot submit all missing information within 60 days of service of the notice of incompleteness, the applicant may obtain an extension by submitting a written request to the Board Office post marked or delivered within 60 days of service of the notice of incompleteness.
2. The written request for an extension shall document the reasons the applicant is unable to meet the 60-day deadline.
3. The Board Office shall review the request for an extension of the 60-day deadline and grant the request if the Board Office determines that an extension of the 60-day deadline will enable the applicant to assemble and submit the missing information. An extension of the 60-day deadline shall be for no more than 60 days. An applicant that requires an additional extension shall submit an additional written request in accordance with this subsection. The Board Office shall notify the applicant in writing of its decision to grant or deny the request for an extension.

E. If an applicant fails to submit a complete application packet within the time allowed, the Board Office shall close the applicant's file. An applicant whose file has been closed and who later wishes to obtain a permit, shall apply again in accordance with subsection (A).

F. For a nonprescription drug permit applicant, the Board Office shall issue a permit on the day that the Board Office determines an administratively complete application packet is received.

G. Except as described in subsection (F), from the date on which the administrative completeness review of an application packet is finished, the Board Office shall complete a substantive review of the applicant's qualifications in no more than 120 days.

1. If an applicant is found to be ineligible, the Board Office shall issue a written notice of denial to the applicant.
2. If an applicant is found to be eligible, the Board Office shall recommend to the Board that the applicant be issued a permit. Upon receipt of the Board Office's recommendation, the Board shall either issue a permit to the applicant or if the Board determines the applicant does not meet eligibility requirements, return the matter back to the Board Office.
3. If the Board Office finds deficiencies during the substantive review of the application packet, the Board Office shall issue a written request to the applicant for additional documentation.
4. The 120-day time-frame for a substantive review for the issuance or denial of a permit is suspended from the date of a written request for additional documentation until the date that all documentation is received.
5. When the applicant and the Board Office mutually agree in writing, the 120-day substantive review time-frame may be extended once for no more than 35 days.

H. For the purpose of A.R.S. § 41-1072 et.seq., the Board establishes the following time-frames for permits.

1. Administrative completeness review time-frame: 20 days.
2. Substantive review time-frame:
   a. Nonprescription drug permit: none.
   b. Except as described in subsection (H)(2)(a): 120 days.
3. Overall time-frame:
   a. Nonprescription drug permit: 20 days.
   b. Except as described in subsection (H)(3)(a): 140 days.

R4-23-603. Nonprescription Drugs, Retail

A. Permit. ~~General~~: Before selling or distributing a nonprescription drug, a person ~~may not sell a nonprescription drug except by obtaining a~~ shall possess a current Board-issued nonprescription drug permit, ~~a~~ pharmacy permit, ~~a~~ manufacturer permit, ~~a~~ nonprescription drug wholesale permit, or full service drug wholesale ~~drug~~ permit or ~~by being~~ be a medical practitioner exempted by A.R.S. § 32-1921. Grocers and other non-pharmacy retail outlets that want to sell over-the-counter or nonprescription drugs shall obtain a nonprescription drug permit.

B. Application: To obtain a permit to sell a nonprescription ~~drugs~~ drug, a person shall submit a completed application, on a form furnished by the Board, that includes, among other requirements, an address for mailing and inspection and a telephone number. An applicant may obtain a permit for a mobile or non-fixed location, such as a swap-meet vendor.

C. ~~Original package of manufacturer~~ Drug sales: A nonprescription drug ~~permittees~~ permittee shall not package or repackage or label or relabel any ~~drugs~~ drug but shall sell a ~~drugs~~ drug only in the original container packaged and labeled by the manufacturer.

D. Inspection: A nonprescription drug permittee shall consent to inspection during business hours by ~~the~~ Board compliance officers or ~~its designee~~ other authorized officers of the law as defined in A.R.S. § 32-1901(4) ~~during business hours~~.

E. Quality control: A nonprescription drug permittee shall:

1. Ensure that all drugs stocked, sold, or offered for sale ~~shall be~~ are:
   a. Kept clean;
   b. ~~and~~ Protected from contamination, ~~and from~~ excessive heat, cold, sunlight, and other deteriorating factors; and
   c. ~~shall~~ Comply with federal law; and
2. Develop and implement a program to ensure that:
   a. Any expiration dated drug is reviewed regularly;
   b. Any drug, that exceeds its expiration date, is deteriorated or damaged, or does not comply with federal law, is moved to a quarantine area and not sold or distributed; and
   c. ~~shall be~~ Any quarantined drug is destroyed or returned to its source of supply.

F. Nonprescription drug vending machine outlets: In addition to the requirements of R4-23-601, R4-23-602, and subsections (A) through (E) of this Section, a person using a vending machine to sell or distribute a nonprescription drug shall ensure compliance with the following requirements:

1. Each individual vending machine is considered an outlet and shall have a nonprescription drug permit issued by the Board;
2. Each nonprescription drug vending machine shall display in public view an identification seal, furnished by the Board, containing the permit number, vending machine's serial number, owner's name, telephone contact number, and permit expiration date;
3. Each nonprescription drug vending machine is assigned a specific location that is within a weather-tight structure, protected from direct sunlight, and maintained at a temperature not less than 59° F and not greater than 86° F;
4. Each nonprescription drug sold through a vending machine is packaged and labeled in the manufacturer's original (FDA approved) container;
5. A nonprescription drug vending machine shall not be located in an establishment selling alcoholic beverages for consumption on the premises;
6. A nonprescription drug vending machine is subject to inspection by Board compliance officers or other authorized officers of the law as defined in A.R.S. § 32-1901(4) in compliance with 1 of the following provisions:
   a. The owner, manager, or other staff of the firm holding the nonprescription drug vending machine permit shall provide access to the contents of the vending machine within 24 hours of a request from a Board compliance officer or other authorized officer of the law; or
   b. The Board compliance staff shall have independent access to the vending machine and shall be held harmless from liability related to the inspection;
7. Before relocating or retiring a nonprescription drug vending machine, the owner or manager shall notify the Board in writing. The notice shall include the permit number, vending machine's serial number, the action planned (relocate or retire), and if retiring a vending machine, the disposition of the nonprescription drug contents of the vending machine;
8. Because of the requirements of A.R.S. §§ 13-3401, 13-3404, and 13-3404.01, and the potential for diversion related to precursor chemicals and regulated chemicals, the sale or distribution of precursor chemicals and regulated chemicals through vending machines is prohibited unless the nonprescription drug permittee provides proof to the Board of compliance with the requirements of A.R.S. §§ 13-3401, 13-3404, and 13-3404.01; and
9. A nonprescription drug with less than 60 days remaining before reaching its expiration date is removed from a vending machine and disposed of in compliance with subsection (E)(2). Under no circumstance may drugs that are beyond their expiration date be sold or distributed for human or animal consumption.

R4-23-605. Drug Wholesaler Permit

A. ~~Permit~~ Application procedure and permittee qualifications:

1. ~~Application procedure~~ Permit: ~~No~~ Before a person may operate a full service or nonprescription drug wholesale ~~drug~~ firm, ~~before~~ the Board ~~has approved the~~ shall:
   a. Receive and approve a completed application;
   b. ~~Interviewed~~ Interview the applicant and the responsible person, if different from the applicant, at a Board meeting;
   c. ~~Inspected~~ Inspect the premises for compliance; and
   d. Issue a full service or nonprescription drug wholesale ~~drug~~ permit ~~has been issued~~. ~~No permit shall be issued unless permitted~~ The Board shall not issue a permit if a particular business operation is prohibited by local zoning regulations.
2. ~~Ownership and responsible person~~ Application: ~~The application for~~ To obtain a permit to operate a full service or nonprescription drug wholesale ~~drug permit~~ firm in Arizona, a person shall ~~be made~~ submit a completed application, on a form furnished by the Board, ~~which, when properly executed, shall indicate the ownership, trustee, receiver, corporation officers or other person or persons desiring the permit, including the name of the individual approved by and responsible to the Board for the operation of the wholesale facility, as well as the location, including the street name and number and the mailing address~~ and the fee specified in R4-23-205.
3. Qualification of applicant or responsible person: ~~The~~ An applicant for a ~~wholesale~~ drug wholesaler permit or the responsible person, if different from the applicant, shall: ~~have the person responsible for purchasing, storing, transporting and selling narcotic and other controlled substances, prescription-only drugs, chemicals, prescription-only devices or nonprescription drugs~~
   a. Submit ~~his~~ educational and ~~experience~~ experiential qualifications related to drug wholesaler operation ~~to the Board~~ for Board approval;
   b. ~~Only persons possessing~~ Have the scientific and technical training experience ~~requisite~~ necessary to protect the public health and safety; and
   c. ~~who have not been convicted of~~ Not have a felony conviction related to the sale or distribution of a nonprescription, prescription-only, controlled substance, ~~or~~ illicit drug, precursor chemical, or regulated chemical ~~shall be approved~~.

4. Drug classes and notification: A full service or nonprescription drug wholesale permittee shall:
   a. Provide the Board a list of the drug classes that the drug wholesaler will sell or distribute; and
   b. Notify the Board of changes involving drug classes, ownership, address, phone number, name of business, or manager including manager's phone number.

B. Distribution restrictions:

1. Records: A full service or nonprescription drug wholesale permittee shall:
   a. Maintain records ~~shall be kept~~ to ~~insure~~ ensure full accountability of ~~prescription-only and controlled substance medications transactions~~ any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical including dates of receipt and sales, names, ~~and~~ addresses, and DEA registration numbers, if required, of suppliers or sources of merchandise, and customer names, ~~and~~ addresses, and DEA registration numbers, if required;
   b. File the records ~~of receipt and sales of all full service and nonprescription drug wholesalers shall be filed~~ required in this subsection in a readily retrievable manner for a minimum of two years; and ~~available for review by the staff of the Board.~~
   c. ~~Lack of such records shall be grounds for the suspension or revocation of the wholesale drug permit.~~ Make the records required in this subsection available upon request during regular business hours for inspection by Board compliance officers or other authorized officers of the law as defined in A.R.S. § 32-1901(4). Records kept at a central location apart from the business location and not electronically retrievable shall be made available within 2 working days.
2. ~~Drugs sold only to drug permittees~~ Drug sales:
   a. ~~No prescription-only drug or device, narcotic or other controlled substance shall be wholesaled, sold, offered for sale, given away or otherwise disposed of by a full service wholesale drug permittee, except to a properly licensed firm or person, as specified in A.R.S. § 32-1929(A),(B) and (C).~~ A full service drug wholesale permittee shall:
      i. Sell or distribute, give away, or dispose of, any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical, only to pharmacies, drug manufacturers, full service and nonprescription drug wholesalers, and nonprescription drug retailers currently permitted by the Board or medical practitioners currently licensed under Title 32;
      ii. Maintain a copy of the current ~~Such~~ permit or license ~~number shall be entered in the record~~ of each ~~such~~ person or firm who buys, receives, or disposes of any drug, device, or chemical; and
      iii. Make permit and license records available upon request by Board compliance officers or other authorized officers of the law as defined in A.R.S. § 32-1901(4).
   b. ~~No nonprescription drug shall be wholesaled, sold, offered for sale, given away or otherwise disposed of by a non-prescription drug wholesale permittee, except to a properly licensed firm or person.~~ A nonprescription drug wholesale permittee shall:
      i. Sell or distribute, any nonprescription drug, precursor chemical, or regulated chemical, only to pharmacies, drug manufacturers, full service and nonprescription drug wholesalers, and nonprescription drug retailers currently permitted by the Board or medical practitioners currently licensed under Title 32;
      ii. Maintain a record of the current ~~Such~~ permit or license ~~number shall be entered in the record~~ of each ~~such~~ person or firm who buys, receives, or disposes of any drug or chemical; and
      iii. Make permit and license records available upon request by Board compliance officers or other authorized officers of the law as defined in A.R.S. § 32-1901(4).
   c. Nothing in this ~~paragraph~~ subsection shall be construed as to prevent the return of drugs or devices to the original source of supply.
   ~~d. Records of receipt and disposition of all drug merchandise shall be kept for a minimum of two years in a readily retrievable fashion and be made available upon request during regular business hours to the staff of the Board or other law enforcement officers in the course of official business. Records kept at a central location apart from the business location and not electronically retrievable shall be made available within two working days.~~
3. Out-of-state drug sales:
   a. ~~No prescription-only drug or device, narcotic or other controlled substance may be wholesaled, sold, offered for sale, given away or otherwise disposed of by a wholesale drug permittee except to a properly licensed or certified firm or person in another jurisdiction.~~ A full service drug wholesale permittee shall:
      i. Sell or distribute, give away, or dispose of, any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical, only to a properly permitted, registered, licensed, or certified firm or person of other jurisdictions;
      ii. ~~Such license or certification number shall be entered in the record of each person or firm.~~ Maintain a copy of the current permit, registration, license, or certificate of each firm or person who buys, receives, or disposes of any drug, device, or chemical; and

iii. ~~The compliance officers or other authorized persons,~~ Make permit, registration, license, and certificate records available upon request by Board compliance officers or other authorized officers of the law as defined in A.R.S. § 32-1901(4) ~~shall have access to all such records of licensure or certification upon request~~.

4. Cash-and-carry sales: ~~No prescription-only drug or device, controlled substance or nonprescription drug shall be furnished by~~ A full service or nonprescription drug wholesale ~~drug~~ permittee ~~on~~ shall complete a cash-and-carry ~~basis,~~ sale or distribution of, any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical, only after:
   a. ~~Until~~ Verifying the validity of ~~each such~~ the order; and
   b. Verifying the identity of ~~each such~~ the pick-up ~~messenger is~~ person, ~~upon~~ on each ~~such~~ occasion, ~~checked~~ by checking with the person or firm represented as placing ~~such an~~ a cash-and-carry order.

C. Premises: A full service or nonprescription drug wholesale permittee shall:
1. Ensure that the premises occupied by ~~a full service or nonprescription wholesale drug~~ the permittee ~~shall be~~ is: of suitable size and construction, well lighted inside and outside, adequately ventilated, and always kept clean, uncluttered, and sanitary ~~at all times~~;
2. Ensure that the warehouse facilities ~~shall be~~ are secure from unauthorized entry by installing and operating a security system designed to provide protection against theft and diversion ~~shall be installed and operating~~;
3. Ensure that only authorized personnel may enter areas where ~~prescription medications~~ drugs, devices, or chemicals are kept;
4. Ensure that ~~all~~ any thermolabile ~~drugs shall be~~ drug, device, or chemical is stored in ~~areas~~ an area where room temperature is maintained in compliance with storage conditions prescribed on the product label;
~~3~~5. Make the premises and facilities occupied by a full service or nonprescription drug wholesale permittee ~~shall be made~~ available for inspection by ~~the staff of the~~ Board compliance officers or other authorized officers of the law as defined in A.R.S. § 32-1901(4) during regularly scheduled office hours.
~~4~~6. ~~There shall be~~ Provide a quarantine area for storage of ~~prescription~~ drugs, devices, and chemicals that are outdated, damaged, deteriorated, misbranded, ~~or~~ adulterated, or that are in opened containers ~~that have been opened~~.

D. Quality controls: A full service or nonprescription drug wholesale permittee shall:
1. Ensure that no fire, flood, or otherwise damaged or deteriorated drug, ~~medicine, medicinal chemical or~~ device, or chemical is ~~shall be~~ sold, distributed, or delivered ~~at wholesale~~ to any person or firm engaged in furnishing drugs, devices, or chemicals for human or other animal consumption;
2. ~~Manufacturing, including packaging and repackaging prohibited: No full service or nonprescription wholesale drug permittee shall~~ Not manufacture, package or repackage, label or relabel any drug, device, or chemical;
3. Ensure that all drugs, ~~and~~ devices, and chemicals stocked, sold, or offered for sale ~~shall be~~ are:
   a. Kept clean;
   b. ~~and~~ Protected from contamination and ~~from~~ other deteriorating environmental factors; and
   c. ~~shall~~ Comply with applicable federal and state law and official compendium storage requirements;
4. Maintain manual or automatic temperature/humidity recording devices or logs ~~shall be maintained~~ to document conditions in areas where drugs, devices, or chemicals are stored; and
~~4~~5. Develop and implement a program to ensure that:
   a. ~~All~~ Any expiration dated ~~items shall be~~ drug, device, or chemical is reviewed regularly;
   b. ~~Items having~~ Any drug, device, or chemical, that has less than 120 days remaining on ~~their~~ its dating, ~~shall be removed from sale, as shall any deteriorated or damaged item~~ is deteriorated or damaged, or does not comply with federal law, is moved to a quarantine area and not sold or distributed; and
   c. Any quarantined drug is destroyed or returned to its source of supply.

R4-23-607. Non-Resident Permits

A. Permit: Before selling or distributing any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical into Arizona, a person shall possess a current Board-issued pharmacy permit, manufacturer permit, full service or nonprescription drug wholesale permit, or nonprescription drug permit. To quality for an Arizona permit, a person shall possess a current, similar license or permit from the state where the person resides.

B. Application: To obtain a permit to sell or distribute any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical into Arizona, a person shall submit a completed application, on a form furnished by the Board, and the fee specified in R4-23-205.

C. When selling or distributing any narcotic or other controlled substance, prescription-only drug or device, nonprescription drug, precursor chemical, or regulated chemical into Arizona, a person shall comply with federal law, the resident state's drug law, and this Section.

D. Non-resident manufacturer: A non-resident manufacturer permittee shall:
1. Provide the Board a copy of the drug list required by the FDA;
2. Sell or distribute, any narcotic or other controlled substance or prescription-only drug or device into Arizona, only to pharmacies, drug manufacturers, and full service drug wholesalers currently permitted by the Board or medical practitioners currently licensed under Title 32;
3. Sell or distribute, any nonprescription drug, precursor chemical, or regulated chemical into Arizona, only to a permittee or licensee specified in subsection (D)(2) or a non-pharmacy outlet holding a current nonprescription drug permit issued by the Board; and
4. Notify the Board of changes involving listed drugs, ownership, address, phone number, name of business, or manager including manager's phone number.

E. Non-resident drug wholesaler: A non-resident drug wholesale permittee shall:
1. Provide the Board a list of the drug classes that the drug wholesaler will sell or distribute into Arizona;
2. Sell or distribute, any narcotic or other controlled substance or prescription-only drug or device into Arizona, only to pharmacies, drug manufacturers, and full service drug wholesalers currently permitted by the Board or medical practitioners currently licensed under Title 32;
3. Sell or distribute, any nonprescription drug, precursor chemical, or regulated chemical into Arizona, only to a permittee or licensee specified in subsection (E)(2) or a non-pharmacy outlet holding a current nonprescription drug permit issued by the Board; and
4. Notify the Board of changes involving drug classes, ownership, address, phone number, name of business, or manager including manager's phone number.

F. Non-resident nonprescription drug retailer: A non-resident nonprescription drug permittee shall:
1. Sell or distribute a nonprescription drug, precursor chemical, or regulated chemical into Arizona only in the original container packaged and labeled by the manufacturer;
2. Not package or repackage or label or relabel any drug, precursor chemical, or regulated chemical;
3. Not sell or distribute any drug, precursor chemical, or regulated chemical into Arizona that exceeds its expiration date, is contaminated or deteriorated from excessive heat, cold, sunlight, moisture, or other factors, or does not comply with federal law; and
4. Notify the Board of changes involving ownership, address, phone number, name of business, or manager including manager's phone number.

NOTICE OF PROPOSED RULEMAKING

TITLE 20. COMMERCE, BANKING, AND INSURANCE

CHAPTER 4. BANKING DEPARTMENT

PREAMBLE

1.

Sections Affected	**Rulemaking Action**
R20-4-503	Amend
R20-4-504	Repeal
R20-4-508	Amend
R20-4-516	Repeal
R20-4-518	Amend
R20-4-519	Amend
R20-4-524	Amend
R20-4-525	Repeal
R20-4-526	Repeal
R20-4-529	Repeal
R20-4-530	Repeal
R20-4-534	Amend

2. The specific statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: A.R.S. § 6-123

Implementing statutes: A.R.S. §§ 6-607, 6-634, 6-635, 6-636

3. A list of all previous notices appearing in the Register addressing the proposed rule:

Notice of Rulemaking Docket Opening: 6 A.A.R. 967, March 10, 2000

4. The name and address of agency personnel with whom persons may communicate regarding the rulemaking:

Name: John P. Hudock

Address: 2910 North 44th Street, Suite 310
Phoenix, Arizona 85018

Telephone: 602-255-4421, Ext. 167

Fax: 602-381-1225

E-mail: jhudock@azbanking.com

5. An explanation of the rule, including the agency's reasons for initiating the rule:

These rules regulate the operation of Small Loan Companies. In its 5-year rule review report approved November 3, 1998, the Department proposed to overhaul each Section in Article V. This proceeding is intended to fulfill that promise.

Amendments

The Department proposes to amend Sections R20-4-503, R20-4-508, R20-4-518, R20-4-519, R20-4-524, and R20-4-534 to modernize the writing style, remove passive constructions, and enhance each Section's clarity and readability.

In addition to these general goals, the revision of R20-4-524 will acknowledge and legitimize the modern practice of electronic recordkeeping. The same revision will also incorporate into one rule the provisions of three other rules that are being repealed in this rulemaking.

Finally, many of these amendments will implement statutory revisions added to Arizona Revised Statutes, effective October 1, 1997, by Laws 1997, Ch. 248, § 2. Those statutory changes are codified at A.R.S. §§ 6-631 through 6-638.

Repeals

R20-4-504

The Department proposes to repeal R20-4-504 because its subject matter is covered by the revised text of A.R.S. § 6-634 (A).

R20-4-516

The Department proposes to repeal R20-4-516 because it reflects a practice that is no longer current in the industry. The prevalence of electronic recordkeeping has rendered paper receipts obsolete, the customers do not want or retain them, and the licensee has every motive to create an electronic record to comply with the Sections on recordkeeping.

R20-4-525, R20-4-526, and R20-4-529

The Department also proposes to repeal Sections R20-4-525, R20-4-526, and R20-4-529. This same rulemaking will amend Section R20-4-524 to add the recordkeeping requirements of those three Sections. This creates a single Section controlling the books, accounts, and records of this class of licensees.

R20-4-530

Finally, the Department also proposes to repeal Section R20-4-530 because the substance of that rule is now controlled by statutes.

6. A reference to any study that the agency proposes to rely on in its evaluation of or justification for the proposed rule and where the public may obtain or review the study, all data underlying each study, any analysis of the study, and other supporting material:

The Department does not propose to rely on any study as an evaluator or justification for the proposed rule.

7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

A. The Banking Department

The Department does not expect to experience any adverse economic impact. It will bear the administrative and human resources cost of this rulemaking. The revision of these Sections may result in some marginal cost savings for the Department because the modernized rules will promote easier communication with licensees. State Banking will continue to bear the costs of enforcement, though that burden is reduced by the repeal of one existing rule.

B. Other Public Agencies

The state will incur normal publishing costs incident to rulemaking.

C. Private Persons and Businesses Directly Affected

Costs of services will not increase to any measurable degree. Nor should these revisions increase any licensee's cost of doing business in compliance with these rules.

D. Consumers

No measurable effect on consumers is expected.

E. Private and Public Employment

There is no measurable effect on private and public employment.

F. State Revenues

This rulemaking will not change state revenues.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: John P. Hudock

Address: 2910 North 44th Street, Suite 310
Phoenix, Arizona 85018

Telephone: 602-255-4421, Ext. 167

Fax: 602-381-1225

E-mail: jhudock@azbanking.com

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule or, if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

No oral proceedings are scheduled. The Department will schedule an oral proceeding on the proposed rule if it receives a written request for a proceeding within 30 days after the publication date of this notice, under the provisions of A.R.S. § 41-1023 (C). Send requests to the Department personnel listed in this Preamble's questions 4 and 9. The Department invites and will accept written comments on the proposed rule or the preliminary economic, small business, and consumer impact statement. Submit comments during regular business hours, at the address listed in this Preamble's question 9, until the close of the record for this proposed rulemaking. The record will close on the 31st day following publication of this Notice in the *Arizona Administrative Register*, unless the Department schedules an oral proceeding.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

Not applicable

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 20. COMMERCE, BANKING, AND INSURANCE

CHAPTER 4. BANKING DEPARTMENT

ARTICLE 5. SMALL LOANS

Section

ARTICLE 5. SMALL LOANS

R20-4-503. Adjustments in Precomputed Charges -- ~~A.R.S. § 6-626~~

~~Any adjustment in the total precomputed charges, due to the first installment period being more or less than one month, may be reflected in the first installment payment; spread over the life of the contract; or collected as part of the final payment under the contract.~~

A licensee may adjust the total precomputed charges if the first installment period is more or less than 1 month long. The licensee's records may reflect the adjustment in 1 of 3 ways.

1. The record may show the adjustment in the 1st installment payment;
2. The record may show the adjustment spread over the life of the contract; or
3. The record may show the adjustment as part of the final payment under the contract.

R20-4-504. ~~Calculation of First Installment Date -- A.R.S. §§ 6-625, 6-626~~ Repealed

~~The date of loan closure is the base from which the first installment date is calculated for the purpose of establishing the first installment period on precomputed loans.~~

R20-4-508. Cut-off Date for Computing Refunds upon Early Repayment in Full ~~-- A.R.S. §§ 6-626, 20-1611~~

~~For the purpose of computing refunds or credits on precomputed loans:~~

~~1. Any payment made on or before the 15th day following an installment date shall be deemed to have been made on such preceding installment date.~~
~~2. Any payment made on or after the 16th day following an installment date shall be deemed to have been made on the next succeeding installment date.~~

A borrower may repay a loan in full before the due date of the final installment. In that event, a licensee shall calculate any refund or credit due on a precomputed loan using the following rules.

1. A licensee shall credit any full repayment, made on or before the 15th day following an installment date, as if received on the last previous installment date.
2. A licensee shall credit any full repayment, made on or after the 16th day following an installment date, as if received on the next installment date.

R20-4-516. ~~Receipt for Default Charges -- A.R.S. §§ 6-621, 6-626~~ Repealed

~~A receipt shall be given the borrower, at the time a default is corrected, stating the amount of the default charge and when paid or payable.~~

R20-4-518. Deferral Fee ~~Extension Charge -- A.R.S. § 6-626~~

~~An extension charge may be collected at the time of the deferment or at any time thereafter. Any payment received at the time of deferment may be applied first to the extension charge and the remainder, if any, applied to the unpaid balance of the contract. If, however, such payment is sufficient to also pay in full an installment which is in default and the applicable default charge, it shall be first so applied and such installment shall not be deferred nor subject to the extension charge.~~

A. A licensee may collect a deferral fee at the time it agrees to a deferment or at any time after the assessment of a deferral fee. If a licensee receives a payment when it agrees to the deferment, it may apply the payment first to the deferral fee. Any remainder of the payment shall be applied to the balance of the loan.

B. However, if that payment is large enough to fully pay an installment that was not made as scheduled together with all allowable delinquency fees, the licensee shall apply the payment first to that installment and fees. Should the licensee do so, the licensee shall not show that paid installment as deferred, and the missed installment is not subject to the deferral fee.

R20-4-519. Deferment Statement ~~— A.R.S. §§ 6-621, 6-626~~

~~At the time a deferment is made, the borrower shall be given a statement showing the amount of the extension charge, the date and amount of his next scheduled payment and the extended maturity date of the loan, a copy of which statement shall be retained in the borrower's credit file.~~

A licensee shall give the borrower a statement at the time a deferment is made, and shall retain a copy of the statement in the borrower's credit file. The statement shall contain the following information:

1. The amount of the deferral fee;
2. The date of the borrower's next scheduled payment;
3. The amount of the borrower's next scheduled payment; and
4. The extended maturity date of the loan.

R20-4-524. Books, Accounts, and Records ~~— A.R.S. §§ 6-605, 6-613, 6-615, 6-617, 6-122, 6-124~~

~~Books and records of all operations licensed under Chapter 5, A.R.S. shall be kept separate and apart from any other business.~~

A. A licensee may use a computer recordkeeping system if the licensee gives the Superintendent advanced written notice that it intends to do so. The Department shall not require a licensee to keep a written copy of its books, accounts and records if the licensee can generate all information required by this Section in a timely manner for examination or other purposes. A licensee may modify a computer recordkeeping system's hardware or software components. When requested, or in response to a written notice of an examination, a licensee shall report to the Superintendent any modification that changes a computer system back to a paper-based recordkeeping system;

B. A licensee shall keep its books, accounts, and records of operations licensed under A.R.S. Title 6, Chapter 5 separate from the books, accounts, and records of its other business activities.

C. In addition to any statutory requirements, the books, accounts, and records maintained by a Small Loan Company shall include the following:

1. A file containing a record of all legal actions brought during the fiscal year. A licensee shall keep the file until the Banking Department conducts its examination of the licensee.
2. An itemized record of disbursing the proceeds of each loan. The itemized record shall include the amount of refund on each loan that is renewed or refinanced if the licensee makes precomputed loans.
3. A record of the receipt of all allowable fees.
4. A record for each borrower and each loan that contains documentary evidence of filing or recording each instrument of record for the subject loan.
5. A record of the borrower's voluntary election to purchase any insurance in connection with a loan, if that insurance is sold by the licensee.

R20-4-525. ~~Record of Legal Actions — A.R.S. §§ 6-605, 6-615, 6-616, 6-617, 6-122, 6-124~~ Repealed

~~Each licensee shall maintain a file containing a record of all legal actions brought during the fiscal year and retain such file until the licensee has been examined by the Banking Department.~~

R20-4-526. ~~Record of Loan Disbursements — A.R.S. § 6-616~~ Repealed

~~Each licensee shall maintain in his records an itemized statement showing the disbursements of the proceeds of each loan. If the licensee is operating under the precomputation method, the statement must include the amount of refund on each loan that is renewed or refinanced.~~

R20-4-529. ~~Record of Filings and Recordings — A.R.S. §§ 6-616, 6-122, 6-124~~ Repealed

~~Each borrower's loan record shall contain a receipt or other verification of filing or recording for each instrument filed or recorded.~~

R20-4-530. ~~Recording Fees — A.R.S. § 6-628~~ Repealed

~~Recording fees in the state of Arizona shall be limited to charges expended for recording in the original county and one additional recording or re-recording with the Secretary of State.~~

R20-4-534. ~~Property~~ Insurance ~~— A.R.S. §§ 6-604, 6-632~~

~~Licensees selling property insurance in connection with a loan on which a premium or identifiable charge is made, shall produce the voluntary election of the borrower electing insurance in the amount of the loan and charges or the approximate value of the property to be insured as fixed by the borrower, as follows:~~

~~I ELECT TO PURCHASE INSURANCE ON THE PROPERTY MADE COLLATERAL FOR MY LOAN IN THE SUM OF $__. I KNOW THAT MY LOAN OBLIGATION IS $_____, AND I FIX THE VALUE OF THE ABOVE PROPERTY AT $_____.~~

~~or at the election of the licensee in form or manner approved by the State Banking Department. (Section 6-632(D), Title 6, Chapter 5, A.R.S.)~~

A. A licensee shall obtain written evidence of the borrower's voluntary election to purchase insurance in connection with a loan if the licensee's sale of insurance to the borrower is intended to secure repayment of a loan. The licensee shall retain this evidence of voluntary election in its records as required by statute. A document sufficient to comply with this Section shall read as follows:

TO SECURE REPAYMENT OF MY LOAN, I ELECT TO
PURCHASE INSURANCE IN THE AMOUNT OF
$_____.
I UNDERSTAND THAT MY TOTAL LOAN OBLIGATION IS
THE SUM OF $_____.

B. A licensee shall obtain written evidence of the borrower's voluntary election to purchase property insurance in connection with a loan if the licensee's sale of property insurance to the borrower is intended to secure repayment of a loan. The licensee shall retain this evidence of voluntary election in its records as required by statute. A document sufficient to comply with this Section shall read as follows:

TO SECURE REPAYMENT OF MY LOAN, I ELECT TO
PURCHASE PROPERTY INSURANCE IN THE AMOUNT OF
$_____.
I UNDERSTAND THAT MY TOTAL LOAN OBLIGATION IS
THE SUM OF $_____.
I ATTEST THAT THE VALUE OF MY PROPERTY INSURED
IN CONNECTION WITH THIS LOAN IS THE SUM OF
$_____.